



General Assembly

January Session, 2001

***Amendment***

LCO No. 8356

Offered by:  
SEN. MCDERMOTT, 34<sup>th</sup> Dist.

To: Senate Bill No. 1064

File No. 86

Cal. No. 132

***"AN ACT CONCERNING THE DEPARTMENT OF BANKING."***

1 Strike out everything after the enacting clause and substitute the  
2 following in lieu thereof:

3 "Section 1. Subsection (d) of section 36a-65 of the general statutes is  
4 repealed and the following is substituted in lieu thereof:

5 (d) (1) The fee for investigating and processing each application is as  
6 follows:

7 [(A) Establishment of a branch, sale of a branch or relocation of a  
8 main office of a Connecticut bank, two thousand dollars, except in the  
9 case of a conversion from a branch to a limited branch and a limited  
10 branch to a branch, a reasonable fee not to exceed two thousand  
11 dollars.

12 (B) Establishment of a mobile branch, establishment of a limited  
13 branch under subdivision (1) of subsection (c) of section 36a-145, or  
14 relocation of a branch or limited branch, one thousand five hundred

15 dollars.

16 (C) Establishment of a special need limited branch under  
17 subdivision (2) of subsection (c) of section 36a-145, five hundred  
18 dollars.

19 (D) Merger, consolidation or organization of a holding company  
20 under section 36a-125 or 36a-181, or purchase of assets or assumption  
21 of liabilities, other than by a Connecticut credit union or federal credit  
22 union, under section 36a-210, two thousand five hundred dollars if two  
23 institutions are involved and five thousand dollars if three or more  
24 institutions are involved.

25 (E) Organization of any Connecticut bank, fifteen thousand dollars,  
26 except no fee shall be required for the organization of an interim  
27 Connecticut bank.

28 (F) Reorganization of a mutual savings bank or mutual savings and  
29 loan association into a mutual holding company, five thousand dollars.

30 (G) Conversions under sections 36a-135 to 36a-138, inclusive, five  
31 thousand dollars, and conversions under section 36a-469a, two  
32 thousand five hundred dollars.

33 (2) The fee for investigating and processing each acquisition  
34 statement filed under section 36a-184 is two thousand five hundred  
35 dollars.

36 (3) Any fee for processing a notice of closing of a branch, limited  
37 branch or special need limited branch, if charged, shall not exceed two  
38 thousand dollars.

39 (4) The fee for processing an application for the sale of a limited  
40 branch, special need limited branch or mobile branch shall not exceed  
41 one thousand five hundred dollars.

42 (5) The fee for miscellaneous investigations is one hundred fifty  
43 dollars per day.]

44     (A) Establishment of (i) a branch under subdivision (1) of subsection  
45     (b) of section 36a-145, as amended by this act, two thousand dollars;  
46     (ii) a mobile branch under subdivision (d) of section 36a-145, as  
47     amended by this act, one thousand five hundred dollars; (iii) a limited  
48     branch under subdivision (1) of subsection (c) of section 36a-145, as  
49     amended by this act, one thousand five hundred dollars; (iv) a special  
50     need limited branch under subdivision (2) of subsection (c) of section  
51     36a-145, as amended by this act, five hundred dollars; (v) an out-of-  
52     state branch under subsection (i) of section 36a-145, as amended by  
53     this act, a reasonable fee not to exceed two thousand dollars from  
54     which any fees paid to a state other than this state or to a foreign  
55     country in connection with the establishment shall be deducted; and  
56     (vi) an out-of-state limited or mobile branch under subsection (i) of  
57     section 36a-145, as amended by this act, a reasonable fee not to exceed  
58     one thousand five hundred dollars from which any fees paid to a state  
59     other than this state or to a foreign country in connection with the  
60     establishment shall be deducted.

61     (B) Sale of (i) a branch under subsection (h) of section 36a-145, as  
62     amended by this act, two thousand dollars, except there shall be no fee  
63     for the sale of a branch of a Connecticut bank to another Connecticut  
64     bank or to a Connecticut credit union; and (ii) a limited branch,  
65     including a special need limited branch or mobile branch under  
66     subsection (h) of section 36a-145, as amended by this act, a fee not to  
67     exceed one thousand five hundred dollars.

68     (C) Relocation of (i) a main office of a Connecticut bank under  
69     subsection (a) of section 36a-81, two thousand dollars; and (ii) a branch  
70     or a limited branch under subsection (g) of section 36a-145, as  
71     amended by this act, five hundred dollars.

72     (D) Conversions from (i) a branch to a limited branch under  
73     subdivision (1) of subsection (c) of section 36a-145, as amended by this  
74     act; and (ii) a limited branch to a branch under subdivision (1) of  
75     subsection (b) of section 36a-145, as amended by this act, five hundred  
76     dollars.

77 (E) Merger or consolidation of a Connecticut bank under section  
78 36a-125 or subsection (a) of section 36a-126, two thousand five  
79 hundred dollars if two institutions are involved and five thousand  
80 dollars if three or more institutions are involved.

81 (F) Purchase of assets or assumption of liabilities, other than by a  
82 Connecticut credit union or federal credit union, under section 36a-  
83 210, two thousand five hundred dollars.

84 (G) Organization of a holding company under section 36a-181, two  
85 thousand five hundred dollars.

86 (H) Organization of any Connecticut bank under section 36a-70, as  
87 amended by this act, fifteen thousand dollars, except no fee shall be  
88 required for the organization of an interim Connecticut bank.

89 (I) Reorganization of a mutual savings bank or mutual savings and  
90 loan association into a mutual holding company under section 36a-192,  
91 five thousand dollars.

92 (J) Conversions under (i) sections 36a-135 to 36a-138, inclusive, as  
93 amended by this act, five thousand dollars; (ii) sections 36a-469a, 36a-  
94 252 and 36a-252a, as amended by this act, two thousand five hundred  
95 dollars; and (iii) section 10 of this act, fifteen thousand dollars.

96 (K) Acquiring, altering or improving real estate for present or future  
97 use of the bank or purchasing real estate adjoining any parcel of real  
98 estate owned by the bank under subdivision (33) of subsection (a) of  
99 section 36a-250, five hundred dollars.

100 (2) The fee for investigating and processing each acquisition  
101 statement filed under section 36a-184 is two thousand five hundred  
102 dollars, except if the acquisition statement is filed in connection with a  
103 transaction that requires one or more applications, a reasonable fee not  
104 to exceed two thousand five hundred dollars.

105 (3) Any fee for processing a notice of closing of a branch, limited  
106 branch or special need limited branch under subdivision (1) of

107 subsection (f) of section 36a-145, as amended by this act, if charged,  
108 shall not exceed two thousand dollars. There shall be no fee for  
109 processing a notice of closing of any mobile branch.

110 (4) The fee for miscellaneous investigations shall be the actual cost  
111 of the investigation, as such cost is determined by the commissioner.

112 Sec. 2. Subdivision (2) of subsection (r) of section 36a-70 of the  
113 general statutes is repealed and the following is substituted in lieu  
114 thereof:

115 (2) One or more persons may organize a community bank in  
116 accordance with the provisions of this section, except that subsection  
117 (g) of this section shall not apply. Any such community bank shall  
118 commence business with a minimum equity capital of at least three  
119 million dollars. In the case of a capital stock community bank, no  
120 person, whether acting individually or in concert with others, shall  
121 subscribe for, purchase or otherwise acquire, by merger, acquisition or  
122 otherwise, in excess of [nine] twenty-four and nine-tenths per cent of  
123 the capital stock of the bank. The approving authority for a community  
124 bank shall be the commissioner acting alone. In addition to the  
125 considerations and determinations required by subsection (h) of this  
126 section, before granting a temporary certificate of authority to organize  
127 a community bank, the approving authority shall determine that (A)  
128 each of the proposed directors and proposed executive officers, as  
129 defined in subparagraph (D) of subdivision (3) of this subsection,  
130 possesses capacity and fitness for the duties and responsibilities with  
131 which such director or officer will be charged and (B) there is  
132 satisfactory community support for the proposed community bank  
133 based on evidence of such support provided by the organizers to the  
134 approving authority. If the approving authority cannot make such  
135 determination with respect to any such proposed director or proposed  
136 executive officer, the approving authority may refuse to allow such  
137 proposed director or proposed executive officer to serve in such  
138 capacity in the proposed community bank.

139 Sec. 3. Section 36a-86 of the general statutes is repealed and the  
140 following is substituted in lieu thereof:

141 (a) The governing board of each Connecticut bank shall [,] annually  
142 [, have] procure an audit or examination by certified public  
143 accountants or holders of certificates of authority as public accountants  
144 selected by vote of the governing board or a duly authorized  
145 committee thereof, and such accountants shall agree to provide related  
146 working papers, policies and procedures to the commissioner, if  
147 requested. The accountants shall thoroughly examine the books,  
148 records, accounts and affairs of such bank and submit a signed report  
149 of the audit or examination showing the condition of the bank to the  
150 governing board of such bank within [ninety days of the start of the  
151 audit or examination showing the condition of the bank. One] a  
152 reasonable period of time following the conclusion of the audit or  
153 examination. The signed report shall be kept on file in such bank and  
154 [one transmitted to] a copy shall be filed with the commissioner. [The  
155 directors] Members of the governing board of such Connecticut bank  
156 shall not be personally liable for any loss suffered by such bank  
157 through the wrongdoing or negligence of any officer or employee,  
158 which wrongdoing or negligence should have been discovered by the  
159 accountants in the performance of their duties, provided such  
160 [directors] members shall have exercised due care to procure thorough  
161 and substantial audits by the accountants.

162 (b) Notwithstanding the provisions of subsection (a) of this section,  
163 the governing board of a Connecticut bank that is a subsidiary of a  
164 holding company may procure and file annually with the  
165 commissioner a signed consolidated report of the audit or examination  
166 of the holding company in lieu of that of the Connecticut bank,  
167 provided (1) prior to the engagement of an accountant, the governing  
168 board of such Connecticut bank has voted to allow and accept as  
169 adequate, a consolidated report of the audit or examination of the  
170 holding company; the accountants selected to provide such  
171 consolidated report have agreed to provide related working papers,  
172 policies and procedures to the commissioner, if requested; and the

173 commissioner has approved, conditionally or unconditionally, the  
174 substitution of such consolidated report; (2) the accountants shall  
175 thoroughly examine the books, records, accounts and affairs of the  
176 Connecticut bank and shall submit a signed consolidated report to the  
177 governing board of such Connecticut bank within a reasonable period  
178 of time following the conclusion of the audit or examination; and (3)  
179 the signed consolidated report shall be kept on file in such Connecticut  
180 bank and a copy shall be filed with the commissioner.

181       Sec. 4. Section 36a-137 of the general statutes is repealed and the  
182 following is substituted in lieu thereof:

183       (a) (1) Any capital stock Connecticut bank or capital stock federal  
184 bank may convert into any other capital stock Connecticut bank or  
185 capital stock federal bank upon the approval of the conversion by the  
186 commissioner, provided this section does not apply to the conversion  
187 of a capital stock federal bank to another capital stock federal bank.  
188 The requirements of the commissioner's approval and subdivisions (3)  
189 to (5), inclusive, of this subsection do not apply to the conversion of a  
190 capital stock Connecticut bank into a national banking association.

191       (2) Any conversion pursuant to this section involving the  
192 conversion of or to a capital stock federal bank shall be authorized  
193 only if permitted by federal law and shall be subject to all  
194 requirements prescribed by federal law.

195       (3) The converting bank shall file with the commissioner a proposed  
196 plan of conversion, a copy of the proposed certificate of incorporation  
197 and a certificate by the secretary of the converting bank that the  
198 proposed plan of conversion and proposed certificate of incorporation  
199 have been approved in accordance with subdivision (4) of this  
200 subsection by the governing board and the shareholders.

201       (4) The plan of conversion and proposed certificate of incorporation  
202 shall require the approval of a majority of the governing board of the  
203 converting bank and, in the case of a converting Connecticut bank, the  
204 favorable vote of not less than two-thirds of the holders of each class of

205 the bank's capital stock cast at a meeting called to consider such  
206 conversion. In the case of a converting federal bank, the plan of  
207 conversion shall require any vote of shareholders prescribed by federal  
208 law.

209 (5) Any shareholder of a converting Connecticut bank who, on or  
210 before the date of the shareholders' meeting to vote on such  
211 conversion, objects to the conversion by filing a written objection with  
212 the secretary of the bank may, within ten days after the effective date  
213 of such conversion, make written demand upon the converted bank for  
214 payment of such shareholder's stock; and thereafter such shareholder's  
215 rights shall be the same as those of a shareholder who dissents from  
216 the merger of two or more capital stock Connecticut banks.

217 (b) In any conversion under this section of a [Connecticut] capital  
218 stock Connecticut bank to a capital stock federal bank other than a  
219 national banking association:

220 (1) The commissioner shall approve a conversion under this  
221 subsection if the commissioner determines that the converting bank  
222 has complied with all applicable provisions of law.

223 (2) After receipt of the commissioner's approval, the converting  
224 bank shall promptly file the approval with the Secretary of the State  
225 and with the town clerk of the town in which its principal office is  
226 located. Upon filing, and upon the receipt of all necessary approvals  
227 required under federal law, the converting bank ceases to be a capital  
228 stock Connecticut bank and becomes a capital stock federal bank. The  
229 converted bank shall not commence business unless its insurable  
230 accounts and deposits are insured by the Federal Deposit Insurance  
231 Corporation or its successor agency.

232 (c) In any conversion under this section of a capital stock  
233 Connecticut bank to a national banking association, the converting  
234 bank shall: (1) File a notice of its intent to convert with the  
235 commissioner at the time it submits an application to convert with the  
236 Office of the Comptroller of the Currency; and (2) submit its charter, or



237 a copy thereof, to the commissioner upon consummation of the  
238 conversion.

239 [(c)] (d) In any conversion under this section involving the  
240 conversion to a capital stock Connecticut bank:

241 (1) The commissioner shall approve a conversion under this  
242 subsection if the commissioner determines that: (A) The converting  
243 bank has complied with all applicable provisions of law; (B) the  
244 converting bank has equity capital at least equal to the minimum  
245 equity capital for the organization of a Connecticut bank; and (C) the  
246 proposed conversion will serve public necessity and convenience.

247 (2) After receipt of the commissioner's approval, the converting  
248 bank shall promptly file such approval and its certificate of  
249 incorporation with the Secretary of the State and with the town clerk of  
250 the town in which its principal office is located. Upon such filing, the  
251 converting bank shall cease to be the type of bank from which it  
252 converted and shall become a bank and trust company, capital stock  
253 savings bank or capital stock savings and loan association, as the case  
254 may be. The converted Connecticut bank shall not commence business  
255 unless its insurable accounts and deposits are insured by the Federal  
256 Deposit Insurance Corporation or its successor agency. Upon such  
257 conversion, the converted Connecticut bank possesses all of the rights,  
258 privileges and powers granted to it by its certificate of incorporation  
259 and by the provisions of the general statutes applicable to the type of  
260 Connecticut bank into which it converted, and all of the assets,  
261 business and good will of the converting bank are transferred to and  
262 vested in it without any deed or instrument of conveyance, provided  
263 the converting bank may execute any deed or instrument of  
264 conveyance as is convenient to confirm such transfer. The converted  
265 Connecticut bank is subject to all of the duties, relations, obligations,  
266 trusts and liabilities of the converting bank, whether as debtor,  
267 depository, registrar, transfer agent, executor, administrator, trustee or  
268 otherwise, and is liable to pay and discharge all such debts and  
269 liabilities, to perform all such duties and to administer all such trusts

270 in the same manner and to the same extent as if the converted  
271 Connecticut bank had itself incurred the obligation or liability or  
272 assumed the duty, relation or trust. All rights of creditors of the  
273 converting bank and all liens upon the property of such bank are  
274 preserved unimpaired and the converted Connecticut bank is entitled  
275 to receive, accept, collect, hold and enjoy any and all gifts, bequests,  
276 devises, conveyances, trusts and appointments in favor of or in the  
277 name of the converting bank and whether made or created to take  
278 effect prior to or after the conversion.

279 (3) The persons named as directors in the certificate of incorporation  
280 shall be the directors of the converted Connecticut bank until the first  
281 annual election of directors after the conversion or until the expiration  
282 of their terms as directors, and shall have the power to take all  
283 necessary actions and to adopt bylaws concerning the business and  
284 management of such Connecticut bank.

285 (4) No such converted Connecticut bank shall exercise any of the  
286 fiduciary powers granted to Connecticut banks by law until express  
287 authority therefor has been given by the commissioner, unless such  
288 powers were legally exercised by the bank at the time of conversion.

289 (5) The franchise tax required to be paid by capital stock  
290 Connecticut banks on an increase of capital stock shall be paid upon  
291 the capital stock of any such converted Connecticut bank converting  
292 from a capital stock federal bank, the amount subject to such tax to be  
293 determined by deducting from the entire amount of such stock, the  
294 amount of the capital stock of the capital stock federal bank upon  
295 which such tax was paid during its existence as a capital stock  
296 Connecticut bank, if such capital stock federal bank came into  
297 existence by virtue of conversion from a capital stock Connecticut bank  
298 or by virtue of merger or consolidation of a capital stock Connecticut  
299 bank with a capital stock federal bank.

300 [(d)] (e) Notwithstanding the provisions of subsection (a) of this  
301 section, no reorganized savings institution shall have the power to

302 convert into a bank and trust company, capital stock savings bank or  
303 capital stock savings and loan association, as the case may be.

304 Sec. 5. Section 36a-145 of the general statutes is repealed and the  
305 following is substituted in lieu thereof:

306 (a) As used in this section:

307 (1) "Branch" means any office at a fixed location of a Connecticut  
308 bank, other than the main office, at which deposits are received, checks  
309 paid and money lent and which maintains minimum banking hours  
310 from nine o'clock a.m. until three o'clock p.m., Monday through  
311 Friday.

312 (2) "Limited branch" means any office at a fixed location of a  
313 Connecticut bank at which banking business is conducted other than  
314 the main office, branch or mobile branch.

315 (3) "Mobile branch" means any office of a Connecticut bank at which  
316 banking business is conducted which is in fact moved or transported  
317 to one or more predetermined locations in accordance with a  
318 predetermined schedule.

319 (b) (1) With the approval of the commissioner, any Connecticut  
320 bank may establish a branch in this state.

321 (2) The commissioner shall not approve the establishment of a  
322 branch under this subsection unless the commissioner considers  
323 whether: (A) Establishment of the branch will result in an  
324 oversaturation of depository institutions in the town in which the  
325 branch is to be located or in the area surrounding the town; (B)  
326 establishment of the branch is consistent with safe and sound banking  
327 practices in the town or the surrounding area; (C) the Connecticut  
328 bank seeking approval of the branch intends to operate the branch on a  
329 long-term basis; and (D) the Connecticut bank maintains, and will  
330 continue to maintain, a reasonable ratio of loans made in the state to  
331 deposits received from residents of the state. In determining whether

332 to approve the establishment of a branch under this subsection, the  
333 commissioner shall not consider the existence of any office established  
334 under subsection (d) of section 36a-425, as amended by this act, by the  
335 Connecticut bank, or by a holding company of which the Connecticut  
336 bank is a subsidiary, that is situated at or near the location of the  
337 branch.

338 (3) The commissioner shall not approve the establishment of any  
339 branch under this subsection unless the commissioner makes the  
340 findings required under section 36a-34.

341 (4) With the approval of the commissioner, any Connecticut bank  
342 may convert a limited branch in this state to a branch. The  
343 commissioner shall not approve a conversion under this subdivision  
344 unless the commissioner considers such factors and makes such  
345 findings under subdivisions (2) and (3) of this subsection as the  
346 commissioner deems applicable.

347 (c) (1) With the approval of the commissioner, any Connecticut bank  
348 may establish in this state a limited branch that provides limited  
349 services or is open for limited time periods. The commissioner shall  
350 not approve the establishment of a branch under this subdivision  
351 unless the commissioner considers such factors and makes such  
352 findings under subdivisions (2) and (3) of subsection (b) of this section  
353 as the commissioner deems applicable. The commissioner shall  
354 approve such establishment if the commissioner determines that: (A)  
355 The interest of the neighborhood where the limited branch is to be  
356 located will be served to advantage by the establishment of the  
357 proposed branch, (B) the proposed products, services and banking  
358 hours are appropriate to meet the convenience and needs of the  
359 neighborhood, and (C) in the case of an establishment resulting from  
360 the conversion of a branch to a limited branch, alternative banking  
361 services are available in the neighborhood so that any reduction in  
362 services or hours will not result in unmet banking needs.

363 (2) With the approval of the commissioner, any Connecticut bank

364 may establish in this state a special need limited branch that provides  
365 limited services or is open for limited time periods in order to meet a  
366 special need of the neighborhood in which such limited branch is to be  
367 located. The commissioner shall not approve the establishment of a  
368 branch under this subdivision unless the commissioner considers such  
369 factors and makes such findings and determinations under subdivision  
370 (1) of this subsection as the commissioner deems necessary.

371 (3) A limited branch or mobile branch shall be conspicuously  
372 identified as a branch of the Connecticut bank. The commissioner may  
373 condition the approval of such branch with any other requirement that  
374 the commissioner deems necessary or appropriate for the protection of  
375 depositors or the Connecticut bank.

376 (d) With the approval of the commissioner for each predetermined  
377 location, any Connecticut bank may establish in this state a mobile  
378 branch that provides full or limited services or is open for full or  
379 limited time periods. The commissioner shall not approve the  
380 establishment of a mobile branch under this subsection unless the  
381 commissioner makes the considerations, findings and determinations  
382 required under subdivision (1) of subsection (c) of this section,  
383 provided that in the case of a mobile branch established in order to  
384 meet a special need of the neighborhood in which such mobile branch  
385 is to be located, the commissioner shall not approve such  
386 establishment unless the commissioner makes the considerations and  
387 determinations required under subdivision (2) of subsection (c) of this  
388 section.

389 (e) Nothing in this section shall prohibit a Connecticut bank from  
390 establishing or operating a branch, limited branch or mobile branch in  
391 the same or approximately the same location as another depository  
392 institution, or continuing to operate as a branch, limited branch or  
393 mobile branch in this state in the same or approximately the same  
394 location, the business of any other depository institution which has  
395 been acquired by the Connecticut bank.

396 (f) (1) A Connecticut bank which proposes to close any branch or  
397 limited branch shall submit to the commissioner a notice of the  
398 proposed closing not later than the first day of the ninety-day period  
399 ending on the date proposed for that closing. The notice shall include a  
400 detailed statement of the reasons for the decision to close the branch or  
401 limited branch and the statistical and other information in support of  
402 such reasons. After receipt of the notice, the commissioner may require  
403 the Connecticut bank to submit any additional information.

404 (2) The Connecticut bank shall provide notice of the proposed  
405 closing to its customers by:

406 (A) Posting a notice in a conspicuous manner on the premises of the  
407 branch or limited branch proposed to be closed during a period not  
408 less than the thirty-day period ending on the date proposed for that  
409 closing, and

410 (B) Including a notice in at least one of any regular account  
411 statements mailed to customers of the branch or limited branch  
412 proposed to be closed or in a separate mailing, by not later than the  
413 beginning of the ninety-day period ending on the date proposed for  
414 that closing.

415 (3) (A) A Connecticut bank which proposes to close any mobile  
416 branch shall [comply with such notice and other requirements as the  
417 commissioner may prescribe] submit to the commissioner a notice of  
418 the proposed closing not later than thirty days prior to the date  
419 proposed for such closing. The notice shall include a detailed  
420 statement of the reasons for the decision to close the mobile branch  
421 and the statistical and other information in support of such reasons.  
422 After receipt of the notice, the commissioner may require the  
423 Connecticut bank to submit any additional information.

424 (B) A Connecticut bank which proposes to close any predetermined  
425 location of a mobile branch shall notify the commissioner prior to the  
426 closing of such location.

427 (g) With the approval of the commissioner, any Connecticut bank  
428 may relocate within this state any branch or limited branch in  
429 accordance with such notice and other requirements as the  
430 commissioner may prescribe. As used in this subsection, "relocate"  
431 means to move within the same immediate neighborhood without  
432 substantially affecting the nature of the business or customers served.

433 (h) With the approval of the commissioner, a Connecticut bank may  
434 sell a branch, limited branch or mobile branch to any bank,  
435 Connecticut credit union or federal credit union. The selling  
436 Connecticut bank must have been in existence and continuously  
437 operating for at least five years unless the commissioner waives this  
438 requirement. The commissioner shall not approve such sale if such  
439 acquiring bank or credit union, including all insured depository  
440 institutions which are affiliates of the bank or credit union, upon  
441 consummation of the sale, would control thirty per cent or more of the  
442 total amount of deposits of insured depository institutions in this state,  
443 unless the commissioner permits a greater percentage of such deposits.

444 (i) With the approval of the commissioner, a Connecticut bank may  
445 establish a branch, limited branch or mobile branch outside of this  
446 state in accordance with applicable law. The commissioner shall not  
447 grant such approval, unless: (1) The commissioner finds, in accordance  
448 with regulations adopted pursuant to chapter 54, that the Connecticut  
449 bank has a record of compliance with the requirements of the  
450 Community Reinvestment Act of 1977, 12 USC 2901 et seq., as from  
451 time to time amended, sections 36a-30 to 36a-33, inclusive, to the extent  
452 applicable, and applicable consumer protection laws; (2) the  
453 Connecticut bank is adequately capitalized and the commissioner  
454 determines that it will continue to be adequately capitalized; and (3)  
455 the Connecticut bank is adequately managed and the commissioner  
456 determines that it will continue to be adequately managed. The  
457 commissioner may examine and supervise the out-of-state branches of  
458 any such Connecticut bank and may enter into agreements with other  
459 state or federal banking regulators or similar regulators in a foreign  
460 country concerning such examinations or supervision.

461 Sec. 6. Section 36a-215 of the general statutes is repealed and the  
462 following is substituted in lieu thereof:

463 [For a period of three years from April 8, 1992, the commissioner,  
464 upon request, may exempt any transaction involving a troubled  
465 financial institution from any requirement under this title, and  
466 regulations adopted under this title, that is necessary for the  
467 consummation of the transaction if the commissioner finds that such  
468 exemption is advisable and in the interest of the depositors or  
469 members of the troubled financial institution or the public, provided  
470 the commissioner shall not exempt a troubled financial institution  
471 from any requirement that the institution's insurable accounts or  
472 deposits be federally insured. Any exemption granted by the  
473 commissioner under this section shall be in writing and shall set forth  
474 the reason or reasons for the exemption. For the purposes of this  
475 section, (1) "troubled financial institution" means any bank,  
476 Connecticut credit union or federal credit union that, in the opinion of  
477 the primary regulatory agency of such institution and with the  
478 concurrence of the institution's federal deposit insurer with such  
479 opinion, is (A) in danger of becoming insolvent or (B) not likely to be  
480 able to meet the demands of its depositors or members, as the case  
481 may be, or pay its obligations in the normal course of business or is  
482 likely to incur losses that may deplete all or substantially all of its  
483 capital, and (2) "transaction" includes the organization of a Connecticut  
484 bank or Connecticut credit union, and any conversion of, merger or  
485 consolidation with, or acquisition of all or part of the assets or stock of  
486 any bank, Connecticut credit union or federal credit union.]

487 If, in the opinion of the commissioner, a Connecticut bank  
488 organized to function solely in a fiduciary capacity or an uninsured  
489 bank in danger of becoming insolvent, is not likely to be able to meet  
490 the demands of its depositors, in the case of an uninsured bank, or pay  
491 its obligations in the normal course of business, or is likely to incur  
492 losses that may deplete all or substantially all of its capital, the  
493 commissioner may require such Connecticut bank organized to  
494 function solely in a fiduciary capacity or uninsured bank to keep assets



495 on deposit in an amount that would be sufficient to meet the costs and  
496 expenses incurred by the commissioner pursuant to section 36a-223  
497 and all fees and assessments due the commissioner. Such assets shall  
498 be deposited with such bank as the commissioner may designate, and  
499 shall be in such form and subject to such conditions as the  
500 commissioner deems necessary. For purposes of this section,  
501 "uninsured bank" has the meaning given to that term in subsection (t)  
502 of section 36a-70.

503       Sec. 7. Section 36a-252 of the general statutes is repealed and the  
504 following is substituted in lieu thereof:

505       (a) Any community bank organized pursuant to subsection (r) of  
506 section 36a-70, as amended by this act, may, upon the approval of the  
507 commissioner, [expand its powers and] convert to a Connecticut bank  
508 that is authorized to operate without the limitations provided in  
509 subdivision (3) of subsection (r) of section 36a-70, as amended by this  
510 act.

511       (b) A community bank that proposes to [expand its powers] convert  
512 shall file with the commissioner a proposed plan of [expansion]  
513 conversion, a copy of the proposed certificate of incorporation and a  
514 certificate by the secretary of the community bank that the proposed  
515 plan of [expansion] conversion and proposed certificate of  
516 incorporation have been approved in accordance with subsection (c) of  
517 this section.

518       (c) The proposed plan of [expansion] conversion and proposed  
519 certificate of incorporation shall require the approval of a majority of  
520 the governing board of the community bank and the favorable vote of  
521 not less than two-thirds of the holders of each class of the bank's  
522 capital stock, if any, or, in the case of a mutual community bank, the  
523 incorporators thereof, cast at a meeting called to consider such  
524 [expansion] conversion.

525       (d) Any shareholder of a capital stock community bank that  
526 proposes to [expand its powers] convert who, on or before the date of

527 the shareholders' meeting to vote on such [expansion] conversion,  
528 objects to the [expansion] conversion by filing a written objection with  
529 the secretary of such bank may, within ten days after the effective date  
530 of such [expansion] conversion, make written demand upon the bank  
531 for payment of such shareholder's stock. Any such shareholder that  
532 makes such objection and demand shall have the same rights as those  
533 of a shareholder who dissents from the merger of two or more capital  
534 stock Connecticut banks.

535 (e) The commissioner shall approve [an expansion of powers] a  
536 conversion under this section if the commissioner determines that: (1)  
537 The community bank has complied with all applicable provisions of  
538 law; (2) the community bank has equity capital of at least five million  
539 dollars; (3) the community bank has received satisfactory ratings on its  
540 most recent state or federal safety and soundness examination and  
541 Community Reinvestment Act examination; and (4) the proposed  
542 [expansion of powers] conversion will serve the public necessity and  
543 convenience.

544 (f) After receipt of the commissioner's approval, the community  
545 bank shall promptly file such approval and its certificate of  
546 incorporation with the Secretary of the State and with the town clerk of  
547 the town in which its principal office is located. Upon such filing, the  
548 bank shall cease to be a community bank subject to the limitations  
549 provided in subdivision (3) of subsection (r) of section 36a-70, as  
550 amended by this act, and shall be a Connecticut bank possessed of all  
551 rights, privileges and powers granted to it by its certificate of  
552 incorporation and by the provisions of the general statutes applicable  
553 to its type of Connecticut bank, and all of the assets, business and good  
554 will of the community bank shall be transferred to and vested in such  
555 Connecticut bank without any deed or instrument of conveyance,  
556 provided the [Connecticut] converting bank may execute any deed or  
557 instrument of conveyance as is convenient to confirm such transfer.  
558 Such Connecticut bank shall be subject to all of the duties, relations,  
559 obligations, trusts and liabilities of the community bank, whether as  
560 debtor, depository, registrar, transfer agent, executor, administrator or

561 otherwise, and shall be liable to pay and discharge all such debts and  
562 liabilities, to perform all such duties in the same manner and to the  
563 same extent as if the Connecticut bank had itself incurred the  
564 obligation or liability or assumed the duty or relation. All rights of  
565 creditors of the [predecessor] community bank and all liens upon the  
566 property of such bank shall be preserved unimpaired and the  
567 Connecticut bank shall be entitled to receive, accept, collect, hold and  
568 enjoy any and all gifts, bequests, devises, conveyances, trusts and  
569 appointments in favor of or in the name of the community bank and  
570 whether made or created to take effect prior to or after the [expansion  
571 of powers] conversion.

572 (g) The persons named as directors in the certificate of incorporation  
573 shall be the directors of such Connecticut bank until the first annual  
574 election of directors after the [expansion of powers] conversion or until  
575 the expiration of their terms as directors, and shall have the power to  
576 take all necessary actions and to adopt bylaws concerning the business  
577 and management of such Connecticut bank.

578 (h) No such Connecticut bank may exercise any of the fiduciary  
579 powers granted to Connecticut banks by law until express authority  
580 therefor has been given by the commissioner, unless such authority  
581 was previously granted to the [predecessor] community bank.

582 (i) The franchise tax required to be paid by capital stock Connecticut  
583 banks upon an increase of capital stock shall be paid upon the capital  
584 stock of any such Connecticut bank, provided, any franchise tax paid  
585 by the [predecessor] community bank shall be subtracted from any  
586 amount owed under this subsection.

587 Sec. 8. Subsection (d) of section 36a-425 of the general statutes is  
588 repealed and the following is substituted in lieu thereof:

589 (d) Any holding company may establish or maintain, either directly  
590 or through any subsidiary of such holding company that is not a  
591 banking corporation, and any banking corporation that is not a  
592 subsidiary of a holding company may establish or maintain, through

593 any of its subsidiaries that are not banking corporations, one or more  
594 offices for the purpose of engaging in banking business other than to  
595 provide deposit services in this state. [subject to the approval of the  
596 commissioner.] No office established or maintained under this  
597 subsection may be converted into an office that engages in banking  
598 business which includes providing deposit services. For purposes of  
599 this subsection, "deposit services" includes but is not limited to,  
600 deposits, withdrawals, advances, payments and transfers of funds to  
601 or from a deposit account. [Any applicant for permission to establish  
602 an office pursuant to this subsection shall pay to the commissioner a  
603 fee, in an amount fixed by the commissioner, to defray the costs of  
604 processing such applications.]

605 Sec. 9. Section 36a-252a of the general statutes is repealed and the  
606 following is substituted in lieu thereof:

607 (a) Any [uninsured bank organized pursuant to] Connecticut bank  
608 that is an uninsured bank, as defined in subsection (t) of section 36a-70,  
609 or any Connecticut bank that functions solely in a fiduciary capacity,  
610 may, upon the approval of the commissioner, [expand its powers]  
611 convert to a Connecticut bank that is authorized to accept retail  
612 deposits, as defined in [said] subsection (t) of section 36a-70, and  
613 operate without the limitations provided in subdivisions (3) and (4) of  
614 [said] subsection (t) of section 36a-70 or subsection (b) of section 36a-  
615 250.

616 (b) [An uninsured bank that proposes to expand its powers] The  
617 converting bank shall file with the commissioner a proposed plan of  
618 [expansion, a copy of the proposed plan of expansion] conversion, a  
619 copy of the proposed certificate of incorporation and a certificate by  
620 the secretary of the [uninsured] converting bank that the proposed  
621 plan of [expansion] conversion and proposed certificate of  
622 incorporation have been approved in accordance with subsection (c) of  
623 this section.

624 (c) The proposed plan of [expansion] conversion and proposed

625 certificate of incorporation shall require the approval of a majority of  
626 the governing board of the [uninsured] converting bank and the  
627 favorable vote of not less than two-thirds of the holders of each class of  
628 the [uninsured] converting bank's capital stock, if any, or in the case of  
629 a converting mutual [uninsured] bank, the corporators thereof, cast at  
630 a meeting called to consider such [expansion] conversion.

631 (d) Any shareholder of a capital stock [uninsured] Connecticut bank  
632 that proposes to [expand its powers] convert under this section, who,  
633 on or before the date of the shareholders' meeting to vote on such  
634 [expansion] conversion, objects to the [expansion] conversion by filing  
635 a written objection with the secretary of such bank may, within ten  
636 days after the effective date of such [expansion] conversion, make  
637 written demand upon the bank for payment of such shareholder's  
638 stock. Any such shareholder that makes such objection and demand  
639 shall have the same rights as those of a shareholder who dissents from  
640 the merger of two or more capital stock Connecticut banks.

641 (e) The commissioner shall approve [an expansion of powers] a  
642 conversion under this section if the commissioner determines that: (1)  
643 The [uninsured] converting bank has complied with all applicable  
644 provisions of law; (2) the [uninsured] converting bank has equity  
645 capital of at least five million dollars; (3) the [uninsured] converting  
646 bank has received satisfactory ratings on its most recent safety and  
647 soundness examination; (4) the proposed [expansion of powers]  
648 conversion will serve the public necessity and convenience; and (5) the  
649 [uninsured] converting bank will provide adequate services to meet  
650 the banking needs of all community residents, including low-income  
651 residents and moderate-income residents to the extent permitted by its  
652 charter, in accordance with a plan submitted by the [uninsured]  
653 converting bank to the commissioner, in such form and containing  
654 such information as the commissioner may require. Upon receiving  
655 any such plan, the commissioner shall make the plan available for  
656 public inspection and comment at the Department of Banking and  
657 cause notice of its submission and availability for inspection and  
658 comment to be published in the department's weekly bulletin. With

659 the concurrence of the commissioner, the [uninsured] converting bank  
660 shall publish, in the form of a legal advertisement in a newspaper  
661 having a substantial circulation in the area, notice of such plan's  
662 submission and availability for public inspection and comment. The  
663 notice shall state that the inspection and comment period will last for a  
664 period of thirty days from the date of publication. The commissioner  
665 shall not make such determination until the expiration of the thirty-  
666 day period. In making such determination, the commissioner shall,  
667 unless clearly inapplicable, consider, among other factors, whether the  
668 plan identifies specific unmet credit and consumer banking needs in  
669 the local community and specifies how such needs will be satisfied,  
670 provides for sufficient distribution of banking services among  
671 branches or satellite devices, or both, located in low-income  
672 neighborhoods, contains adequate assurances that banking services  
673 will be offered on a nondiscriminatory basis and demonstrates a  
674 commitment to extend credit for housing, small business and  
675 consumer purposes in low-income neighborhoods.

676 (f) After receipt of the commissioner's approval, the [uninsured]  
677 converting bank shall promptly file such approval and its certificate of  
678 incorporation with the Secretary of the State and with the town clerk of  
679 the town in which its principal office is located. Upon such filing, the  
680 bank shall cease to be an uninsured bank subject to the provisions of  
681 subdivisions (3) and (4) of subsection (t) of section 36a-70, or a  
682 Connecticut bank organized to function solely in a fiduciary capacity,  
683 subject to the limitations provided in subsection (b) of section 36a-250,  
684 and shall be a Connecticut bank subject to all of the requirements and  
685 limitations and possessed of all rights, privileges and powers granted  
686 to it by its certificate of incorporation and by the provisions of the  
687 general statutes applicable to its type of Connecticut bank. Such  
688 Connecticut bank shall not commence business unless its insurable  
689 accounts and deposits are insured by the Federal Deposit Insurance  
690 Corporation or its successor agency. Upon such filing with the  
691 Secretary of the State and with the town clerk, all of the assets,  
692 business and good will of the [uninsured] converting bank shall be

693 transferred to and vested in such Connecticut bank without any deed  
694 or instrument of conveyance, provided the [Connecticut] converting  
695 bank may execute any deed or instrument of conveyance as is  
696 convenient to confirm such transfer. Such Connecticut bank shall be  
697 subject to all of the duties, relations, obligations, trusts and liabilities of  
698 the [uninsured] converting bank, whether as debtor, depository,  
699 registrar, transfer agent, executor, administrator or otherwise, and  
700 shall be liable to pay and discharge all such debts and liabilities, to  
701 perform all such duties in the same manner and to the same extent as if  
702 the Connecticut bank had itself incurred the obligation or liability or  
703 assumed the duty or relation. All rights of creditors of the [predecessor  
704 uninsured] converting bank and all liens upon the property of such  
705 bank shall be preserved unimpaired and the Connecticut bank shall be  
706 entitled to receive, accept, collect, hold and enjoy any and all gifts,  
707 bequests, devises, conveyances, trusts and appointments in favor of or  
708 in the name of the [uninsured] converting bank and whether made or  
709 created to take effect prior to or after the [expansion of powers]  
710 conversion.

711 (g) The persons named as directors in the certificate of incorporation  
712 shall be the directors of such Connecticut bank until the first annual  
713 election of directors after the [expansion of powers] conversion or until  
714 the expiration of their terms as directors, and shall have the power to  
715 take all necessary actions and to adopt bylaws concerning the business  
716 and management of such Connecticut bank.

717 (h) No such Connecticut bank resulting from the conversion of an  
718 uninsured bank may exercise any of the fiduciary powers granted to  
719 Connecticut banks by law until express authority therefor has been  
720 given by the commissioner, unless such authority was previously  
721 granted to the [predecessor uninsured] converting bank.

722 (i) The franchise tax required to be paid by capital stock Connecticut  
723 banks upon an increase of capital stock shall be paid upon the capital  
724 stock of any such Connecticut bank, provided, any franchise tax paid  
725 by the [predecessor uninsured] converting bank shall be subtracted

726 from any amount owed under this subsection.

727 Sec. 10. (NEW) (a) Any Connecticut bank that is authorized to  
728 accept retail deposits, as defined in subsection (t) of section 36a-70 of  
729 the general statutes, may, upon the approval of the Commissioner of  
730 Banking, convert to an uninsured bank, as defined in subsection (t) of  
731 said section.

732 (b) The converting bank shall file with the commissioner a proposed  
733 plan of conversion, a copy of the proposed certificate of incorporation  
734 and a certificate by the secretary of the converting bank that the  
735 proposed plan of conversion and proposed certificate of incorporation  
736 have been approved in accordance with subsection (c) of this section.

737 (c) The proposed plan of conversion and proposed certificate of  
738 incorporation shall require the approval of a majority of the governing  
739 board of the converting bank and the favorable vote of not less than  
740 two-thirds of the holders of each class of the bank's capital stock, if  
741 any, or, in the case of a mutual bank, the incorporators thereof, cast at a  
742 meeting called to consider such conversion.

743 (d) Any shareholder of a converting capital stock Connecticut bank  
744 that proposes to convert to an uninsured bank who, on or before the  
745 date of the shareholders' meeting to vote on such conversion, objects to  
746 the conversion by filing a written objection with the secretary of such  
747 bank may, within ten days after the effective date of such conversion,  
748 make written demand upon the converted bank for payment of such  
749 shareholder's stock. Any such shareholder that makes such objection  
750 and demand shall have the same rights as those of a shareholder who  
751 dissents from the merger of two or more capital stock Connecticut  
752 banks.

753 (e) With the approval of the commissioner, a converting Connecticut  
754 bank shall liquidate all of its retail deposits, as defined in subsection (t)  
755 of section 36a-70 of the general statutes. The converting bank shall file  
756 with the commissioner a written notice of its intent to liquidate all of  
757 its retail deposits together with a plan of liquidation and a proposed



758 notice to depositors approved and executed by a majority of its  
759 governing board. The commissioner shall approve the plan and the  
760 notice to depositors. The commissioner shall not approve a sale of the  
761 retail deposits of the converting bank if the purchasing insured  
762 depository institution, including all insured depository institutions  
763 which are affiliates of such institution, upon consummation of the sale,  
764 would control thirty per cent or more of the total amount of deposits of  
765 insured depository institutions in this state, unless the commissioner  
766 permits a greater percentage of such deposits. The converting and  
767 purchasing institutions shall file with the commissioner a written  
768 agreement approved and executed by a majority of the governing  
769 board of each institution prescribing the terms and conditions of the  
770 transaction.

771 (f) The commissioner shall approve a conversion under this section  
772 if the commissioner determines that: (1) The converting bank has  
773 complied with all applicable provisions of law; (2) the converting bank  
774 has equity capital of at least five million dollars unless the  
775 commissioner establishes a different minimum capital requirement  
776 based on the proposed activities of the converting bank; (3) the  
777 converting bank has received satisfactory ratings on its most recent  
778 state or federal safety and soundness examination; (4) the converting  
779 bank has liquidated all of its retail deposits and has no deposits that  
780 are insured by the Federal Deposit Insurance Corporation or its  
781 successor agency; and (5) the proposed conversion will serve the  
782 public necessity and convenience.

783 (g) After receipt of the commissioner's approval for the conversion,  
784 the converting bank shall promptly file such approval and its  
785 certificate of incorporation with the Secretary of the State and with the  
786 town clerk of the town in which its principal office is located. Upon  
787 such filing, the converted Connecticut bank shall not accept retail  
788 deposits and shall be an uninsured bank, as defined in subsection (t) of  
789 section 36a-70 of the general statutes, subject to the limitations in  
790 subdivisions (3) and (4) of subsection (t) of section 36a-70 of the  
791 general statutes. Upon such conversion, the converted Connecticut

792 bank possesses all of the rights, privileges and powers granted to it by  
793 its certificate of incorporation and by the provisions of the general  
794 statutes applicable to its type of Connecticut bank, and all of the assets,  
795 business and good will of the converting bank shall be transferred to  
796 and vested in the converted Connecticut bank without any deed or  
797 instrument of conveyance, provided the converting bank may execute  
798 any deed or instrument of conveyance as is convenient to confirm such  
799 transfer. The converted Connecticut bank shall be subject to all of the  
800 duties, relations, obligations, trusts and liabilities of the converting  
801 bank, whether as debtor, depository, registrar, transfer agent, executor,  
802 administrator or otherwise, and shall be liable to pay and discharge all  
803 such debts and liabilities, to perform all such duties in the same  
804 manner and to the same extent as if the converted bank had itself  
805 incurred the obligation or liability or assumed the duty or relation. All  
806 rights of creditors of the converting bank and all liens upon the  
807 property of such bank shall be preserved unimpaired and the  
808 uninsured bank shall be entitled to receive, accept, collect, hold and  
809 enjoy any and all gifts, bequests, devises, conveyances, trusts and  
810 appointments in favor of or in the name of the converting bank and  
811 whether made or created to take effect prior to or after the conversion.

812 (h) The persons named as directors in the certificate of incorporation  
813 shall be the directors of the converted Connecticut bank until the first  
814 annual election of directors after the conversion or until the expiration  
815 of their terms as directors, and shall have the power to take all  
816 necessary actions and to adopt bylaws concerning the business and  
817 management of such Connecticut bank.

818 (i) No converted Connecticut bank, other than a Connecticut bank  
819 which converted from a Connecticut bank organized solely to function  
820 in a fiduciary capacity, may exercise any of the fiduciary powers  
821 granted to Connecticut banks by law until express authority therefor  
822 has been given by the commissioner, unless such authority was  
823 previously granted to the converting bank.

824 (j) The franchise tax required to be paid by capital stock Connecticut

825 banks upon an increase of capital stock shall be paid upon the capital  
826 stock of any such converted bank, provided, any franchise tax paid by  
827 the converting bank shall be subtracted from any amount owed under  
828 this subsection.

829 Sec. 11. This act shall take effect from its passage, except that section  
830 1 shall take effect July 1, 2001."